



Dave Yost • Auditor of State



**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Brush Creek Township  
Jefferson County  
1138 Township Road 296  
Hammondsville, Ohio 43930

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Brush Creek Township, Jefferson County, (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Brush Creek Township, Jefferson County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 15, 2014

**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$8,893	\$27,242	\$36,135
Intergovernmental	15,309	108,469	123,778
Miscellaneous	105		105
<i>Total Cash Receipts</i>	<u>24,307</u>	<u>135,711</u>	<u>160,018</u>
<b>Cash Disbursements</b>			
Current:			
General Government	20,337	4,680	25,017
Public Safety		5,672	5,672
Public Works	1,240	89,644	90,884
Health	1,390		1,390
Human Services	3,062	143	3,205
Conservation-Recreation	140		140
Capital Outlay		14,920	14,920
Debt Service:			
Principal Retirement		8,034	8,034
Interest and Fiscal Charges		880	880
<i>Total Cash Disbursements</i>	<u>26,169</u>	<u>123,973</u>	<u>150,142</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,862)</u>	<u>11,738</u>	<u>9,876</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Sources	48	719	767
<i>Total Other Financing Receipts (Disbursements)</i>	<u>48</u>	<u>719</u>	<u>767</u>
<i>Net Change in Fund Cash Balances</i>	(1,814)	12,457	10,643
<i>Fund Cash Balances, January 1</i>	<u>13,179</u>	<u>56,252</u>	<u>69,431</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		68,709	68,709
Unassigned (Deficit)	11,365		11,365
<i>Fund Cash Balances, December 31</i>	<u>\$11,365</u>	<u>\$68,709</u>	<u>\$80,074</u>

*The notes to the financial statements are an integral part of this statement.*

**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$6,760	\$22,271	\$29,031
Intergovernmental	19,885	101,360	121,245
Earnings on Investments	2	9	11
Miscellaneous	70		70
<i>Total Cash Receipts</i>	<u>26,717</u>	<u>123,640</u>	<u>150,357</u>
<b>Cash Disbursements</b>			
Current:			
General Government	22,397	7,545	29,942
Public Safety		5,574	5,574
Public Works	1,580	84,090	85,670
Health	1,491		1,491
Human Services	571		571
Capital Outlay		27,399	27,399
Debt Service:			
Principal Retirement		7,611	7,611
Interest and Fiscal Charges		1,303	1,303
<i>Total Cash Disbursements</i>	<u>26,039</u>	<u>133,522</u>	<u>159,561</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>678</u>	<u>(9,882)</u>	<u>(9,204)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	1,502	1,502	3,004
Transfers Out	(1,502)	(1,502)	(3,004)
Other Financing Sources	36	1,765	1,801
<i>Total Other Financing Receipts (Disbursements)</i>	<u>36</u>	<u>1,765</u>	<u>1,801</u>
<i>Net Change in Fund Cash Balances</i>	714	(8,117)	(7,403)
<i>Fund Cash Balances, January 1</i>	<u>12,465</u>	<u>64,369</u>	<u>76,834</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		56,252	56,252
Unassigned (Deficit)	13,179		13,179
<i>Fund Cash Balances, December 31</i>	<u>\$13,179</u>	<u>\$56,252</u>	<u>\$69,431</u>

*The notes to the financial statements are an integral part of this statement.*



**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Brush Creek, Jefferson County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, recreation, cemetery maintenance and general government services. The Township contracts with Bergholz Volunteer Fire Department, Village of Irondale Fire Department and Salineville Fire Department for fire protection services.

The Township participates in the Ohio Plan Risk Management, Inc (OPRM) a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The organization is:

Public Entity Risk Pool:

The Ohio Plan Risk Management, Inc. (OPRM) provides property and casualty coverage for its members.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2013</u>	<u>2012</u>
Demand deposits	<u>\$80,074</u>	<u>\$69,431</u>
Total deposits	<u>\$80,074</u>	<u>\$69,431</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,517	\$24,355	\$5,838
Special Revenue	113,799	136,430	22,631
Total	\$132,316	\$160,785	\$28,469

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$29,625	\$26,169	\$3,456
Special Revenue	145,600	123,973	21,627
Total	\$175,225	\$150,142	\$25,083

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,946	\$28,255	\$3,309
Special Revenue	120,526	126,907	6,381
Total	\$145,472	\$155,162	\$9,690

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,500	\$27,541	\$6,959
Special Revenue	159,485	135,024	24,461
Total	\$193,985	\$162,565	\$31,420

Contrary to Ohio Rev. Code § 5705.41 (D), the township failed to properly certify 26% of expenditures tested.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. PROPERTY TAX (Continued)**

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Huntington Bank Loan	\$8,508	5%
Total	\$8,508	

The Township entered into a loan agreement to finance the purchase of a backhoe for Township road maintenance.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Backhoe loan
2014	\$8,961
Total	\$8,961

**6. RETIREMENT SYSTEMS**

The Township's full-time Police Officers and other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members, all employees, contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**7. RISK MANAGEMENT**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members sold through fourteen appointed independent agents in the State of Ohio.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and members' equity at December 31, 2012 and 2011 (the latest information available). You can read the completed audited financial statements for OPRM at the plan's website, [www.ohioplan.org](http://www.ohioplan.org).

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Brush Creek Township  
Jefferson County  
1138 Township Road 296  
Hammondsville, Ohio 43930

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of governmental activities of Brush Creek Township, Jefferson County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated July 15, 2014, wherein we noted the Township followed financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 15, 2014



**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**NONCOMPLIANCE CITATION**

**Ohio Rev. Code § 5705.41(D)** provides in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

- 1. Then and Now Certificate** - If no certificate is furnished as required, upon receipt of the Fiscal Officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issues of a warrant in payment of the amount due upon such contract or order by resolution with 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the Fiscal Officer may authorize payment through a Then and Now Certificate without the affirmation of the Township Board of Trustees if such expenditure is otherwise valid.

- 2. Blanket Certificate** – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- 3. Super Blanket Certificate** – The Township may also make expenditures and contract for any amount from a specific line item appropriation in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not certify the amount against the applicable appropriation accounts for 26% of tested expenditures in 2013. The Fiscal Officer did not properly utilize the certification exception described above for those expenditures lacking prior certification. Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending and in negative cash balances. Unless the exceptions noted above are used.

**FINDING NUMBER 2013-001  
 (Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

The Fiscal Officer should certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the township incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code to reduce the available appropriation.

**FINDING NUMBER 2013-002**

**MATERIAL WEAKNESS**

**Posting Receipts and Expenditures**

The Fiscal Officer did not correctly code and classify the following receipt and expenditure in 2013 and 2012 which resulted in reclassifications and adjustments to the financial statements. The adjustments have been posted to the accounting records and the corrected amounts are reflected in the accompanying financial statements.

2012:

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Reclassification:</b>			
Gasoline Tax	Interest Expense	\$1,303	Posted as Principal Expense
Gasoline Tax	General Government Expense	\$1,324	Audit fees posted as Interest Expense
Road and Bridge	General Government Expense	\$623	Audit fees posted as Interest Expense
Motor Vehicle License	General Government Expense	\$506	Audit fees posted as Interest Expense
Fire Levy	General Government Expense	\$506	Audit fees posted as Interest Expense
Permissive Motor Vehicle License	General Government Expense	\$156	Audit fees posted as Interest Expense
General	Intergovernmental Revenue	\$2,000	Posted as Local Tax Revenue

2013:

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Reclassification:</b>			
Gasoline Tax	Interest Expense	\$880	Posted as Principal Expense
General	Intergovernmental Revenue	\$1,248	Posted as Local Tax Revenue
<b>Adjustment:</b>			
Fire Levy	Public Safety Expense	\$5,380	Fire contracts posted to Road and Bridge as Public Works Expense

**FINDING NUMBER 2013-002**  
**(Continued)**

Failure to consistently follow a uniform chart of accounts increase the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported. The Fiscal Officer should refer to Auditor of State Bulletin 2000-008 which provides guidance on accounting for on-behalf-of programs when local government or its residents are beneficiaries of the program.

**Officials' Response:** The Township did not respond to the findings reported.

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**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2011-01	Ohio Revised Code 5705.36-39	Yes	
2011-02	Ohio Revised Code 5705.41(D) – certification of expenditures	No	Reissued as Finding 2013-001

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# Dave Yost • Auditor of State

**BRUSH CREEK TOWNSHIP**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 25, 2014**